

MASSACHUSETTS PORT AUTHORITY

THIRD ANNUAL REPORT TO THE GOVERNOR AND GENERAL COURT

NOVEMBER 28, 1958

Section 21 of Chapter 465 of the Acts of 1956 which created the Massachusetts Port Authority provides that "on or before the thirtieth day of November in each year the Authority shall make an annual report of its activities for the preceding fiscal year to the Governor and to the General Court. Each such report shall set forth a complete operating and financial statement covering its operations during the year." Accordingly, our third annual report is hereby submitted.

As has been stated in our previous reports, the Massachusetts Port Authority is a public instrumentality - consisting of seven members appointed by the Governor, by and with the consent of the Council for the purpose of performing essential government functions. These functions are primarily to issue revenue bonds, payable solely from income of the Authority, and with these revenues to take over, maintain and operate the Mystic River Bridge, the Logan International Airport, the Hanscom Airport, and the Port of Boston facilities. When these revenue bonds are later redeemed these various agencies will revert to the Commonwealth. As was stated in a previous report, there have previously been two major obstacles to the early activation of the Massachusetts Port Authority: viz (1) the unnecessarily restrictive interest rate limitation imposed by the Act itself, and (2) the requirement of the Act that the Massachusetts Port Authority, in its initial financing, must raise the funds required for the immediate construction of an additional harbor crossing. Each of these obstacles has now been removed - for on October 3rd of this year His Excellency Governor Furcolo approved legislation withdrawing the construction of a second harbor crossing from the agenda of

the Port Authority while at the same time approving an amendment to the Act increasing from four to five per cent the interest which might be paid on bonds of the Authority.

Some time later - on October 30, 1958 - His Excellency forwarded to the Authority his approval of the financial advisor appointed by the Authority. As a result of these various approvals, the activation of the Authority has become closer and the various experts who have been constantly studying the agencies which are to be taken over by the Authority were advised and directed to bring their reports up to date so that a true financial and physical picture of these agencies might be established and used as the basis for the issuance of our bonds. These various studies are still in progress and are being conducted by Landrum and Brown at Logan Airport; J. E. Greiner Co. at the Mystic River Bridge and the Port of Boston. The financial studies are under the direction of Drexel & Co. These various reports will soon be completed, and, when coordinated, will become the basis of the Authority's financing plans.

The Act setting up the Massachusetts Port Authority does not merely provide for the maintenance and operation of these agencies but goes far beyond that, for in Section 8(g) it states by providing funds for "paying the cost of construction such extensions, enlargements and improvements of the airport properties and the port properties as may be authorized by resolution of the Authority." Much of the activities of the Authority will be directed towards carrying out this precept. Some of these proposed enlargements and improvements have already been commented on in previous reports and will include the Authority spending substantial sums in constructing and expanding facilities at Logan International Airport and for needed improvements to port properties. Such projects are under constant study.

Each member is convinced of the great benefits which will enure to

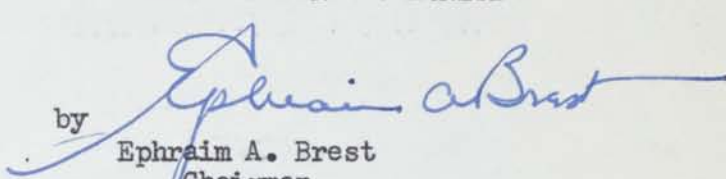
the Commonwealth and its citizens through the activation of the Port Authority,
and each member is pledged and determined to carry out at the earliest possible
moment every mandate and proposal contained in Chapter 465.

Enclosed, herewith, is our financial report.

Respectfully submitted,

MASSACHUSETTS PORT AUTHORITY

by


Ephraim A. Brest
Chairman

MASSACHUSETTS PORT AUTHORITY

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 1945

LYBRAND, ROSS, BROS & MONTGOMERY

MASSACHUSETTS PORT AUTHORITY

FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 1958

LYBRAND, ROSS BROS. & MONTGOMERY

BOSTON OFFICE

LYBRAND, ROSS BROS. & MONTGOMERY

ACCOUNTANTS AND AUDITORS

MASSACHUSETTS PORT AUTHORITY STATEMENT OF ASSETS AND LIABILITIES As at June 30, 1958

NEW YORK	DETROIT	BIRMINGHAM
PHILADELPHIA	CLEVELAND	DALLAS
CHICAGO	CINCINNATI	HOUSTON
BOSTON	ROCKFORD	TULSA
BALTIMORE	ST. LOUIS	SAN FRANCISCO
WASHINGTON	LOUISVILLE	LOS ANGELES
PITTSBURGH		SEATTLE

COOPERS & LYBRAND

IN AREAS OF THE WORLD
OUTSIDE THE UNITED STATES

ASSETS

Cash in banks:

The First National Bank of Boston	\$174,075.40	
Second Bank-State Street Trust Company	73,469.31	
The National Shawmut Bank of Boston	63,825.36	
Rockland-Atlas National Bank	50,000.00	
The Merchants National Bank	50,000.00	\$411,370.07

Massachusetts Port Authority
Boston, Massachusetts

Expenditures	338,629.93	
Commitments deferred	370,829.93	

We have examined the statement of assets and liabilities of the Massachusetts Port Authority as at June 30, 1958 and the related statement of expenditures and commitments

deferred for the period July 29, 1956 to June 30, 1958, inclusive. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements present fairly the financial position of the Massachusetts Port Authority at June 30, 1958 and the expenditures and commitments for the period July 29, 1956 to June 30, 1958, inclusive, in conformity with generally accepted accounting principles.

Boston, Massachusetts
October 1, 1958

Lybrand, Ross Bros. & Montgomery

MASSACHUSETTS PORT AUTHORITY
STATEMENT OF ASSETS AND LIABILITIES
As at June 30, 1958

ASSETS

Cash in banks:

The First National Bank of Boston	\$174,075.40	
Second Bank-State Street Trust Company	73,469.31	
The National Shawmut Bank of Boston	63,825.36	
Rockland-Atlas National Bank	50,000.00	
The Merchants National Bank	<u>50,000.00</u>	\$411,370.07

Expenditures and commitments deferred
(statement annexed):

Expenditures	338,629.93	
Commitments (estimated)	<u>32,200.00</u>	<u>370,829.93</u>
		<u>\$782,200.00</u>

LIABILITIES

Cash advance from Commonwealth of Massachusetts		750,000.00
Reserve for commitments		<u>32,200.00</u>
		<u>\$782,200.00</u>

The Massachusetts Port Authority is a public instrumentality created by an Act of the Legislature of the Commonwealth of Massachusetts, effective June 21, 1956. The Authority has no stockholders or equity holders.

The Authority, at June 30, 1958, had not issued any revenue bonds. Funds for the operation of the Authority were provided on July 29, 1956, under the Act creating the Authority, by an appropriation of \$750,000.00 by the Commonwealth of Massachusetts; to be repaid by the Authority out of the proceeds of any revenue bonds which may be issued under said Act.

MASSACHUSETTS PORT AUTHORITY
STATEMENT OF EXPENDITURES AND COMMITMENTS DEFERRED
For the Period July 29, 1956 to June 30, 1958, Inclusive

	<u>Expenditures</u>		<u>Commitments (estimated) at June 30, 1958</u>	<u>Expenditures and Commitments Deferred</u>
	<u>Fiscal Year Ended June 30, 1958</u>	<u>Total for the Period July 29, 1956 to June 30, 1958, Inclusive</u>		
Professional services relative to issuance of revenue bonds:				
Engineering report		\$209,529.25		\$209,529.25
Financial advisor		25,000.00	\$25,000.00	50,000.00
Traffic count report	\$40,994.90	40,994.90		40,994.90
Legal	21,537.80	26,537.80	6,000.00	32,537.80
Accounting and auditing	7,000.00	7,000.00	700.00	7,700.00
Administrative and general expenses	<u>17,953.87</u>	<u>29,567.98</u>	<u>500.00</u>	<u>30,067.98</u>
	<u>\$87,486.57</u>	<u>\$338,629.93</u>	<u>\$32,200.00</u>	<u>\$370,829.93</u>